

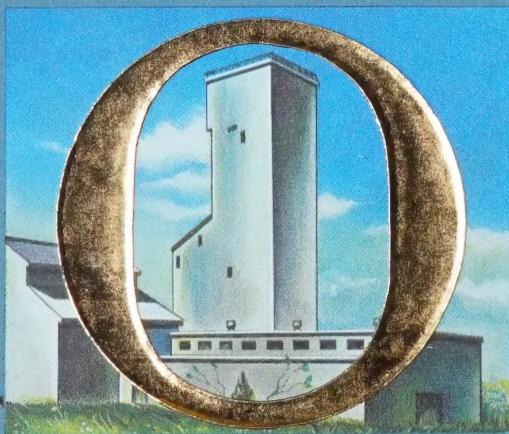
AR31

# OPEMISKA

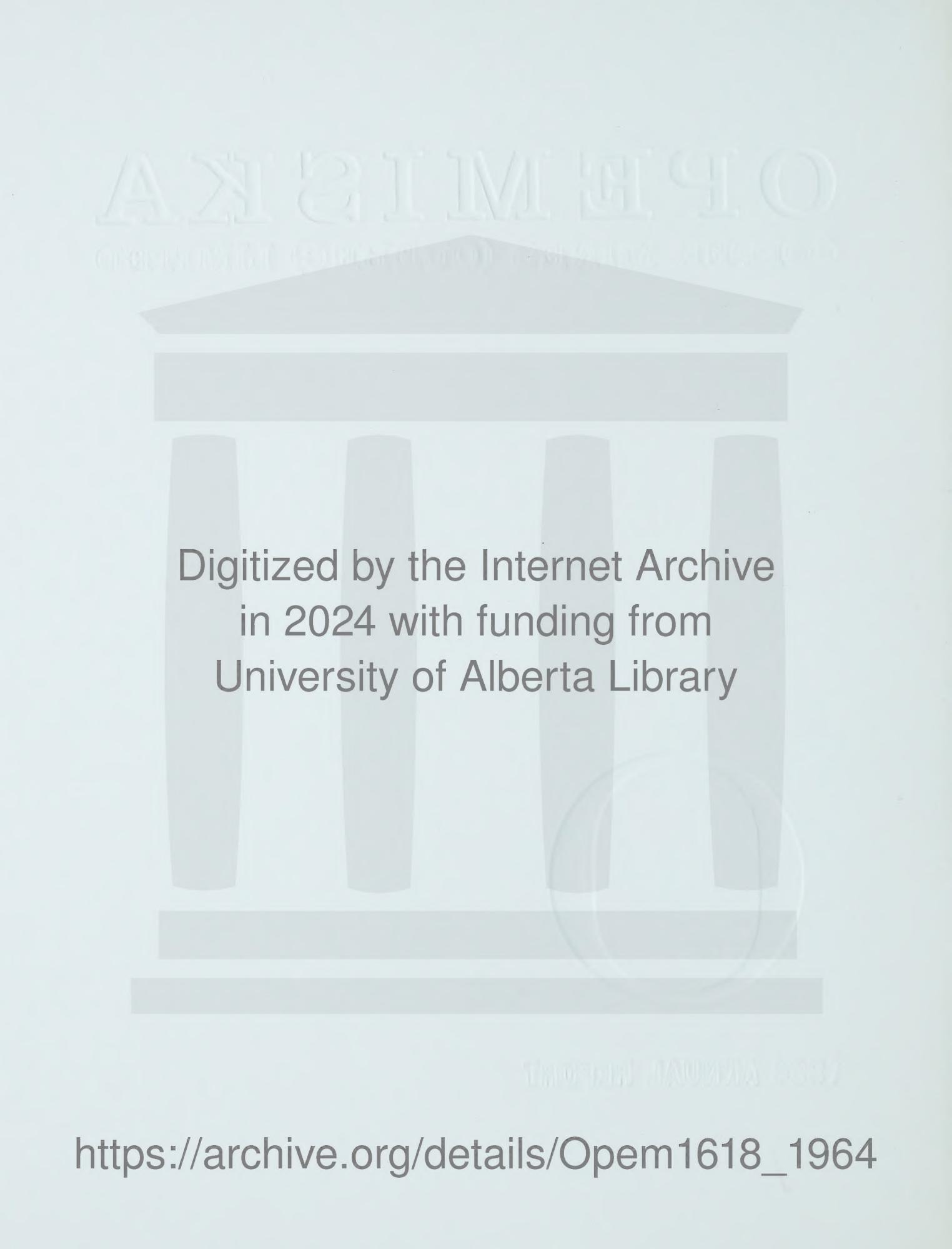
COPPER MINES (QUEBEC) LIMITED

NO PERSONAL LIABILITY

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1964 ANNUAL REPORT



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## *Annual Report*

# OPEMISKA COPPER MINES (QUEBEC) LIMITED

*Summary of Production and Financial Data*

|   | 1964            | 1963            |
|---|-----------------|-----------------|
| Tons ore milled — Total                               | 748,990         | 737,543         |
| — Per day   | 2,046           | 2,021           |
| Grade of mill feed                                    | 2.83% Cu        | 2.94% Cu        |
| Grade of concentrates                                 | 24.65% Cu       | 24.66% Cu       |
| Copper Recovery                                       | 96.0 %          | 96.0 %          |
| METALS IN CONCENTRATES:                               |                 |                 |
| Copper  | 40,709,632 lbs. | 41,690,690 lbs. |
| Gold  | 16,966 oz.      | 17,242 oz.      |
| Silver  | 281,797 oz.     | 276,653 oz.     |
| GROSS VALUE OF PRODUCTION                             |                 |                 |
| Per ton ore milled                                    | \$18.93         | \$18.94         |
| Per lb. copper in concentrate                         | 34.82¢          | 33.51¢          |
| MARKETING EXPENSES                                    |                 |                 |
| Per ton ore milled                                    | \$ 4.26         | \$ 4.46         |
| Per lb. copper in concentrate                         | 7.84¢           | 7.90¢           |
| COST OF PRODUCTION                                    |                 |                 |
| Per ton ore milled                                    | \$ 6.84         | \$ 6.76         |
| Per lb. copper in concentrate                         | 12.58¢          | 11.95¢          |
| OPERATING PROFIT BEFORE WRITE-OFFS                    |                 |                 |
| Per ton ore milled                                    | \$ 7.83         | \$ 7.72         |
| Per lb. copper in concentrate                         | 14.40¢          | 13.66¢          |
| DEPRECIATION AND AMORTIZATION                         |                 |                 |
| Per ton ore milled                                    | \$ 1.31         | \$ 1.30         |
| Per lb. copper in concentrate                         | 2.40¢           | 3.19¢           |
| PROVISION FOR TAXES                                   |                 |                 |
| Per ton ore milled                                    | \$ 2.75         | \$ 2.14         |
| Per lb. copper in concentrate                         | 5.06¢           | 3.79¢           |
| NET PROFIT  |                 |                 |
| Per ton ore milled                                    | \$ 4.04         | \$ 3.98         |
| Per lb. copper in concentrate                         | 7.43¢           | 7.03¢           |
| Average settlement price received per lb. copper sold | 32.15¢          | 30.93¢          |
| CAPITAL EXPENDITURES:                                 |                 |                 |
| Plant and equipment (net)                             | \$ 114,505      | \$ 164,477      |
| Preproduction expenditures                            | 189,839         | 924,191         |
| Net profit per share                                  | 55¢             | 53¢             |
| Dividends paid per share                              | 55¢             | 45¢             |

# OPEMISKA COPPER MINES (QUEBEC) LIMITED

(No Personal Liability)

(sans responsabilité personnelle)

## *Report of the Directors*

## *Rapport des administrateurs*

### To the Shareholders:

Your Directors take pleasure in presenting their Annual Report for the year ended December 31, 1964, together with the financial statements and Auditors' Report.

### PRODUCTION AND FINANCIAL

The mine and mill operated continuously throughout the year. The net revenue from metal shipments reached a new high level of \$10,985,530, obtained from the milling of 748,990 tons of ore averaging 2.83 percent copper. This income does not include revenue from development ore drawn from the Perry Mine having an estimated value of \$300,000 which amount has been applied as an ore credit against deferred preproduction expenditures on the Perry Mine. This adjustment, which was made during the last quarter of the fiscal year, reduced earnings in the three-month period accordingly.

Net earnings were slightly higher at \$3,024,535 or 55¢ per share, compared with 1963 earnings of \$2,931,793 or 53¢ per share. The amount of ore treated was higher than in 1963 but the grade was lower with the result that copper production, totalling 40,709,632 pounds, was two percent less than in 1963. Copper recovery equalled the previous year's performance at 96.0 percent. Improved copper prices, which averaged 32.15¢ per pound, were chiefly responsible for maintaining the earnings level.

Ore reserve declined moderately during the year, chiefly due to a drop in the amount of exploration and development. Exploration below the 2000-foot level was sufficiently encouraging to warrant consideration of a shaft deepening program.

### Aux actionnaires:

Vos administrateurs ont le plaisir de vous présenter leur rapport annuel pour l'année se terminant au 31 décembre 1964, accompagné des relevés financier et du rapport des vérificateurs de comptes.

### PRODUCTION ET FINANCES

La mine et l'usine ont fonctionné de façon continue pendant toute l'année. Le revenu net provenant des expéditions de métal a atteint un nouveau sommet de \$10,985,530, obtenu par le traitement de 748,990 tonnes de minerai d'une teneur moyenne de 2.83% de cuivre. Ce montant ne comporte pas le revenu provenant du minerai de développement extrait de la Mine Perry, d'une valeur estimée à \$300,000, montant qui a été utilisé comme crédit de minerai comme provision pour les frais différenciés de pré-production à la mine Perry. Cet ajustement, qui a été fait pendant le dernier trimestre de l'année fiscale, a eu pour conséquence de réduire d'autant les bénéfices pour ce trimestre.

Les bénéfices nets \$3,024,535, soit 55¢ par action, étaient légèrement plus élevés que ceux de 1963, de \$2,931,793, soit 53¢ par action. La quantité de minerai était plus élevée qu'en 1963, mais la teneur du minerai était plus faible, avec le résultat que la production de cuivre tout en s'élevant à un total de 40,709,632 livres, a été inférieure de 2 pour cent à celle de 1963. La récupération du cuivre a égalé celle de l'année précédente, avec un chiffre de 96.0 pour cent. L'amélioration des cours du cuivre, qui ont été en moyenne de 32.15¢ la livre, a été le facteur principal du maintien du niveau des bénéfices.

Les réserves de minerai ont légèrement diminué pendant l'année, par suite principalement d'une baisse de l'exploration et du développement. L'exploration au-dessous du niveau de 2,000 pieds était suffisamment encourageante pour justifier la prise en considération d'un programme d'approfondissement du puits.

Production costs were \$140,000 more than in the preceding year, while outlays for development and exploration were lower. The increase in cost of production was mainly due to greater expenditures for stoping, mine services, municipal taxes, workmen's compensation insurance, and townsite improvement.

Outside exploration expenditures of \$16,957 were confined to completion of the program of exploration begun in 1963 on the property of Chiboug Copper Corporation Limited under option.

Expenditures at the Perry Mine totalled \$489,839. However, after applying the ore credit of \$300,000 as referred to above, a net of \$189,839 was added to Perry preproduction expenditures during the year. The total of these expenditures will be amortized commencing at the date this mine is brought into production.

Capital outlay for buildings, machinery and equipment was \$114,505 compared with \$164,477 for the year 1963. The major expenditures were for an addition to the mine office, a tractor, staff housing and underground equipment.

Net current assets at the year-end were \$7,974,354 as compared with \$7,196,505 the previous year.

## OPERATIONS

The average daily milling rate was 2,046 tons compared to 2,021 tons in 1963. Copper recovery was 96.0 percent, equalling the peak reached in the preceding year. The column flotation apparatus, installed as a research project in 1963, is still under test.

A total of 748,990 tons of ore was treated during the year. Mining costs were higher than in 1963 due to heavier expenditures on stope preparation and sill recovery.

The rate of development was lower than in 1963 due to a shortage of skilled miners. However, schedules were maintained at the Perry mine in order to enable it to be brought into production by the last quarter of 1965.

Les frais de production dépassèrent de \$140,000 ceux de l'année précédente, tandis que les déboursés pour le développement et l'exploration furent moins élevés. L'augmentation du coût de la production a été occasionnée principalement par des dépenses plus élevées pour l'abatage, les services de la mine, les taxes municipales, l'assurance contre les accidents du travail et les améliorations apportées à la ville.

Les dépenses d'exploration extérieure de \$16,957 furent consacrées uniquement à l'achèvement du programme d'exploration commencé en 1963 sur la propriété sous option de Chiboug Copper Corporation Limited.

Les dépenses à la mine Perry s'élèverent au total à \$489,839. Cependant, après avoir affecté le crédit de minerai de \$300,000 comme indiqué plus haut, un montant net de \$189,839 fut ajouté aux dépenses de pré-production de la Mine Perry pendant l'année. Le total de ces dépenses sera amorti à partir de la date d'entrée en production de cette mine.

Les déboursés de capital pour les bâtiments, les machines et l'équipement ont été de \$114,505, par comparaison à \$164,477 pour l'année 1963. Les dépenses principales furent occasionnées par l'agrandissement des bureaux de la mine, l'achat d'un tracteur, le logement du personnel et l'équipement employé dans la mine.

Le montant de l'actif net en fin d'année était de \$7,974,354, par comparaison à \$7,196,505 l'année précédente.

## OPÉRATIONS

Le taux moyen de la production quotidienne de l'usine était de 2,046 tonnes, par comparaison à 2,021 tonnes en 1963. La récupération de cuivre a été de 96.0 pour cent, égalant le maximum atteint l'année précédente. L'appareil de flottage à colonne mis en place en 1963 à des fins d'étude en est encore au stade expérimental.

Un total de 748,990 tonnes de minerai a été traité pendant l'année. Les frais d'exploitation de la mine furent plus élevés qu'en 1963 par suite de dépenses plus élevées consacrées à la préparation des chantiers et à la récupération des sales.

Le taux de développement fut moins élevé qu'en 1963 par suite du manque de mineurs spécialisés. Toutefois, les programmes furent respectés à la mine Perry pour lui permettre d'entrer en production avant le dernier trimestre de 1965.

Development at the Springer mine included 7,771 linear feet of lateral work and 2,353 linear feet of raising. A feature of this work was the addition of new ore lengths totalling 691 feet in No. 2 vein on the 1300, 1475 and 1825-foot levels.

At the Perry mine, development included 5,765 linear feet of lateral drifting and 1,021 linear feet of raising. This work was chiefly confined to the preparation of the "B" orebody for mining.

## EXPLORATION

An extensive surface and underground program searching for new deposits and outlining known ore continued during the year.

At the Springer mine, exploration drifting, cross-cutting and diamond drilling tested the mineralized area north of the No. 2 vein, extended the No. 14 vein, and outlined the known ore lenses in the No. 3 zone below the 2000-foot level. Earlier exploration had indicated a bottoming of the No. 14 vein near the 975-foot level but further work this year has added 450 feet of vertical continuity to this small but high grade vein.

At the Perry mine, exploration was concentrated on the "D" zone above the 1825-foot level and below the 2000-foot level. This zone has now been extended up dip to the 1300-foot level but much more detailed work will be required to define the ore outlines. A number of ore-grade intersections indicating lenses lying en echelon were found in the drilling of the "Lower D" zone below the 2000-foot level. Their locations are shown in the plan forming part of this report. Crosscuts are being driven to the "J" zone structure on the 275, 1125 and 1475-foot levels.

Surface exploration consisted of a detailed geophysical survey and 33,348 feet of diamond drilling. About 15,000 feet were drilled to obtain structural information in the Trout Lake - Beaver Lake area. At the east end of the property, diamond drilling returned intersections of massive pyrite-pyrrhotite mineralization containing scattered copper values but no ore zones were indicated.

Le développement à la mine Springer a comporté 7,771 pieds linéaires de perçement latéral et 2,353 pieds linéaires de montées. Ce travail a permis d'ajouter de nouvelles longueurs de minerai totalisant 691 pieds dans le filon No. 2 aux niveaux de 1,300, 1,475 et 1,825 pieds.

À la mine Perry, le développement a comporté 5,765 pieds de perçement latéral et 1,021 pieds linéaires de montées. Ce travail a porté principalement sur la préparation du massif de minerai "B" en vue de son exploitation.

## EXPLORATION

Un travail intense d'exploration en surface et en sous-sol pour rechercher de nouveaux gisements et délimiter la zone de minerai connue se sont poursuivis pendant l'année.

À la mine Springer, des percements exploratoires, des percements en travers-banc et des forages au diamant furent effectués pour reconnaître la zone minéralisée au nord du filon No. 2, pour étendre la veine No. 14 et pour délimiter les lentilles de minerai connues dans la zone No. 3 au-dessous du niveau de 2,000 pieds. Une exploration précédente avait donné à penser que le fond du filon No. 14 se situait vers le niveau de 975 pieds, mais d'autres travaux cette année ont permis d'ajouter 450 pieds de continuité dans le sens vertical à ce filon de petite dimension, mais à haute teneur en minerai.

À la mine Perry, les travaux d'exploration furent concentrés sur la zone "D" au-dessus du niveau de 1,825 pieds et au-dessous du niveau de 2,000 pieds. Cette zone a maintenant été prolongée jusqu'au niveau de 1,300 pieds, mais il faudra encore beaucoup plus de travaux de détail pour délimiter la zone de minerai. Plusieurs intersections de zones de minerai indiquant des lentilles disposées en échelon furent découvertes au cours du forage de la zone "D inférieure" au-dessous du niveau de 2,000 pieds. Leurs emplacements sont indiqués sur le plan qui fait partie de ce rapport. Des percées en travers-banc sont en train d'être effectuées en direction de la structure de la zone "J" aux niveaux de 275, 1,125 et 1,475 pieds.

L'exploration en surface a consisté en un relevé géophysique détaillé et un forage au diamant sur 33,348 pieds. On avait foré environ 15,000 pieds pour obtenir des renseignements sur la structure de la région du Lac à la Truite et du Lac des Castors. À l'extrémité est de la propriété, le forage au diamant a indiqué des intersections de minérali-

Surface drilling some 800 feet east of the No. 2 vein workings indicated a small ore lens within the No. 2 zone structure.

Outside exploration was confined to detailed geo-physical surveys and two diamond drill holes on the Chiboug Copper property. No further work could be justified and the option was dropped.

### ORE RESERVES

Ore added during the year amounted to some 589,000 tons which, after milling 749,000 tons, resulted in a decrease in reserves of 160,000 tons.

Early in the year, a study of various factors affecting ore grade was undertaken. Most important of these were mining dilution and the interpretation of underground sampling. As a result of this investigation, a downward adjustment in the grade of previous reserves was required. Furthermore, new ore added at the Springer mine was below average in copper content. These factors contributed to a moderate reduction in the grade of reserves. The following are the ore reserves as at December 31, 1964:

|               | Assured Ore |          | Indicated Ore |          |
|---------------|-------------|----------|---------------|----------|
|               | Tons        | % Copper | Tons          | % Copper |
| Springer Mine | 2,744,000   | 3.25     | 538,000       | 3.36     |
| Perry Mine    | 1,835,000   | 3.09     | 703,000       | 3.44     |

As in previous years, indicated ore does not include an allowance for dilution.

### GENERAL

Expenditures at the mine, and for the transportation, treatment and refining of products, totalled \$8,170,000. Of this amount, \$7,700,000 was for supplies and services purchased in the Province of Quebec. Included in the latter are salaries, wages and related labour costs, \$2,810,000; direct charges for the transportation, smelting and refining of products, \$2,570,000; electric power, \$320,000; supplies, \$1,800,000; and municipal taxes, \$200,000.

Other major expenditures included \$699,000 for provincial mining and corporation taxes, and \$1,360,000 for federal income tax.

sation massive de pyrite-pyrrhotite contenant diverses proportions de cuivre disséminé, mais aucune zone de mineraï n'a été découverte.

Le forage en surface à environ 800 pieds à l'est du chantier du filon No. 2 a indiqué qu'il y avait une petite lentille de mineraï à l'intérieur de la structure de la zone No. 2.

L'exploration à l'extérieur a été limitée à des relevés géophysiques détaillés et à deux trous forés au diamant sur la propriété de Chiboug Copper. Il n'y avait aucune justification pour poursuivre ce travail et l'option fut abandonnée.

### RÉSERVES DE MINERAÏ

La quantité de mineraï ajoutée pendant l'année s'est élevée à quelque 589,000 tonnes et, après le traitement de 749,000 tonnes, le résultat s'est traduit par une diminution des réserves de 160,000 tonnes.

Au début de l'année, une étude des divers facteurs affectant le titrage du mineraï fut entreprise. Les plus importants parmi ceux-ci étaient la dilution à l'abatage et l'interprétation des échantillonnages prélevés dans le sous-sol. A la suite de cette enquête, il fallut reviser et abaisser le titrage des réserves précédentes. De plus, le nouveau mineraï ajouté à la mine Springer était au-dessous de la moyenne au point de vue teneur en cuivre. Ces facteurs contribuèrent à une légère réduction du titrage des réserves. Les réserves de mineraï au 31 décembre 1964 s'établissent comme suit:

|               | Mineraï assuré |          | Mineraï indiqué |          |
|---------------|----------------|----------|-----------------|----------|
|               | Tonnes         | % cuivre | Tonnes          | % cuivre |
| Mine Springer | 2,744,000      | 3.25     | 538,000         | 3.36     |
| Mine Perry    | 1,835,000      | 3.09     | 703,000         | 3.44     |

Comme c'était le cas les années précédentes, le mineraï indiqué ne tient pas compte de la dilution.

### GÉNÉRALITÉS

Les dépenses à la mine, et pour le transport, le traitement et le raffinage des produits, se sont élevés au total à \$8,170,000. Le montant comprend \$7,700,000 pour les fournitures et services achetés dans la province de Québec, y compris les salaires, les paies et les frais connexes de main-d'œuvre, \$2,810,000; les frais directs de transport, fonte et raffinage des produits, \$2,570,000; l'électricité, \$320,000; les fournitures, \$1,800,000; et les taxes municipales, \$200,000.

D'autres dépenses importantes comprenaient \$699,000 pour la taxe provinciale sur l'exploitation

During the year, constructive measures were taken by your company to assist in improvements to the community of Chapais, so as to provide a more attractive living environment for the employees residing in the community.

The total work force was increased to 551 at the year-end, of which 346 were underground workers. The assistant manager, Mr. George Stenning, resigned at the end of the year in order to take up a post at a mine in British Columbia. He has been succeeded by Mr. C. V. Amyotte.

Your directors wish to record their appreciation of the officers, mine management and all employees for their continued effort during the past year.

J. P. MILLENBACH,  
President.

March 4, 1965.

minière et la taxe sur les sociétés, ainsi que \$1,360,000 pour l'impôt fédéral sur le revenu.

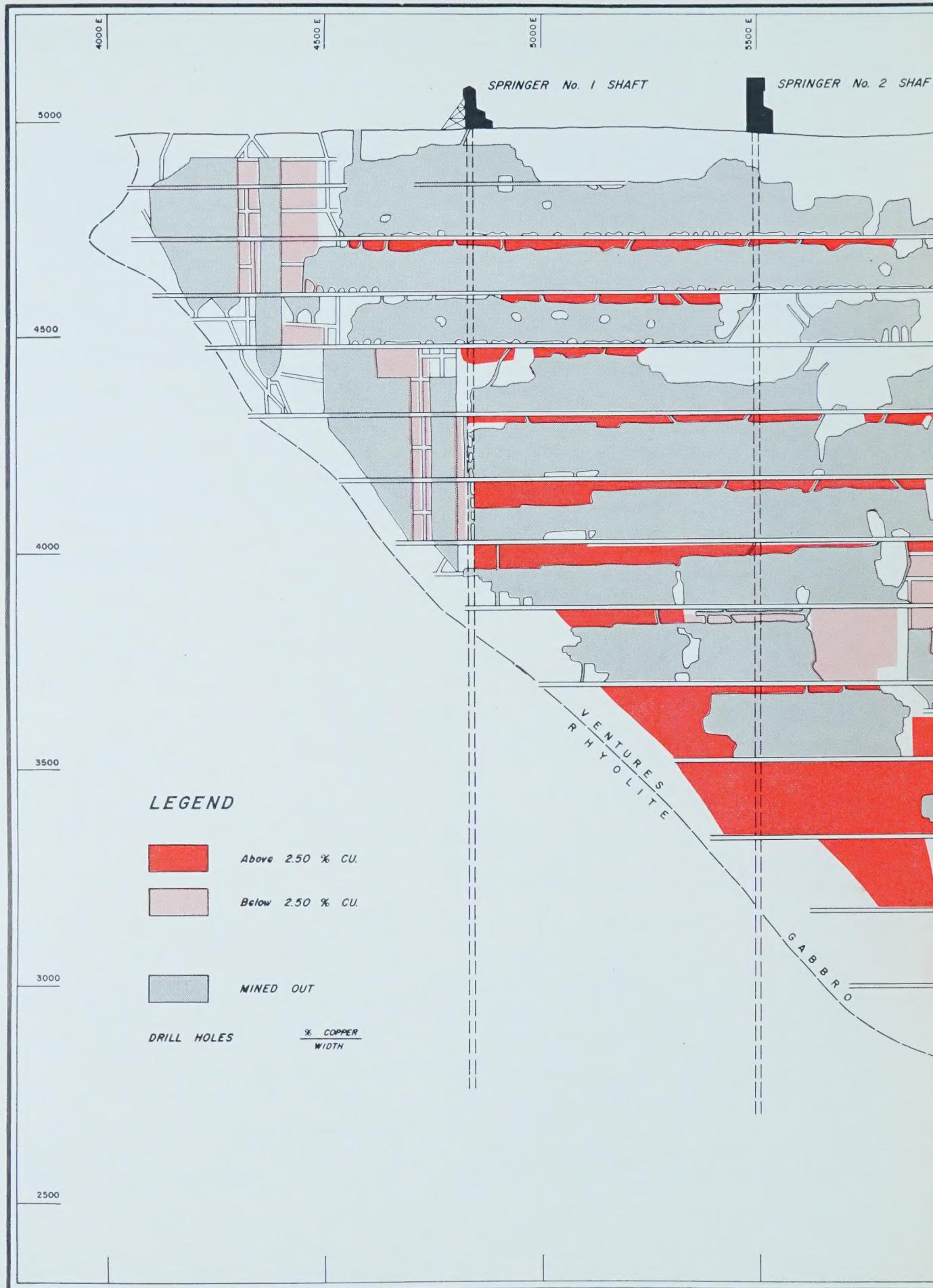
Au cours de l'année, votre Compagnie a pris des mesures constructives pour aider à apporter des améliorations à la localité de Chapais, afin de créer un cadre de vie plus agréable pour les employés qui y résident.

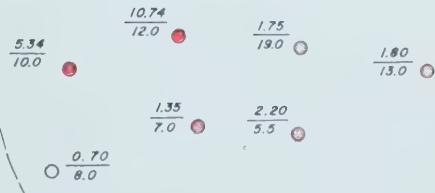
Le total de l'effectif ouvrier fut porté à 551 à la fin de l'année, dont 346 étaient des travailleurs de fond. Le gérant adjoint, M. George Stenning, s'est démis de ses fonctions à la fin de l'année pour prendre une situation dans une mine en Colombie-Britannique. Il a été remplacé par Monsieur C. V. Amyotte.

Vos directeurs tiennent à exprimer leur appréciation aux cadres, à la haute direction, à la direction de la mine et à tous les employés pour leur effort soutenu au cours de l'année écoulée.

J. P. MILLENBACH,  
Président.

Le 4 mars 1965.

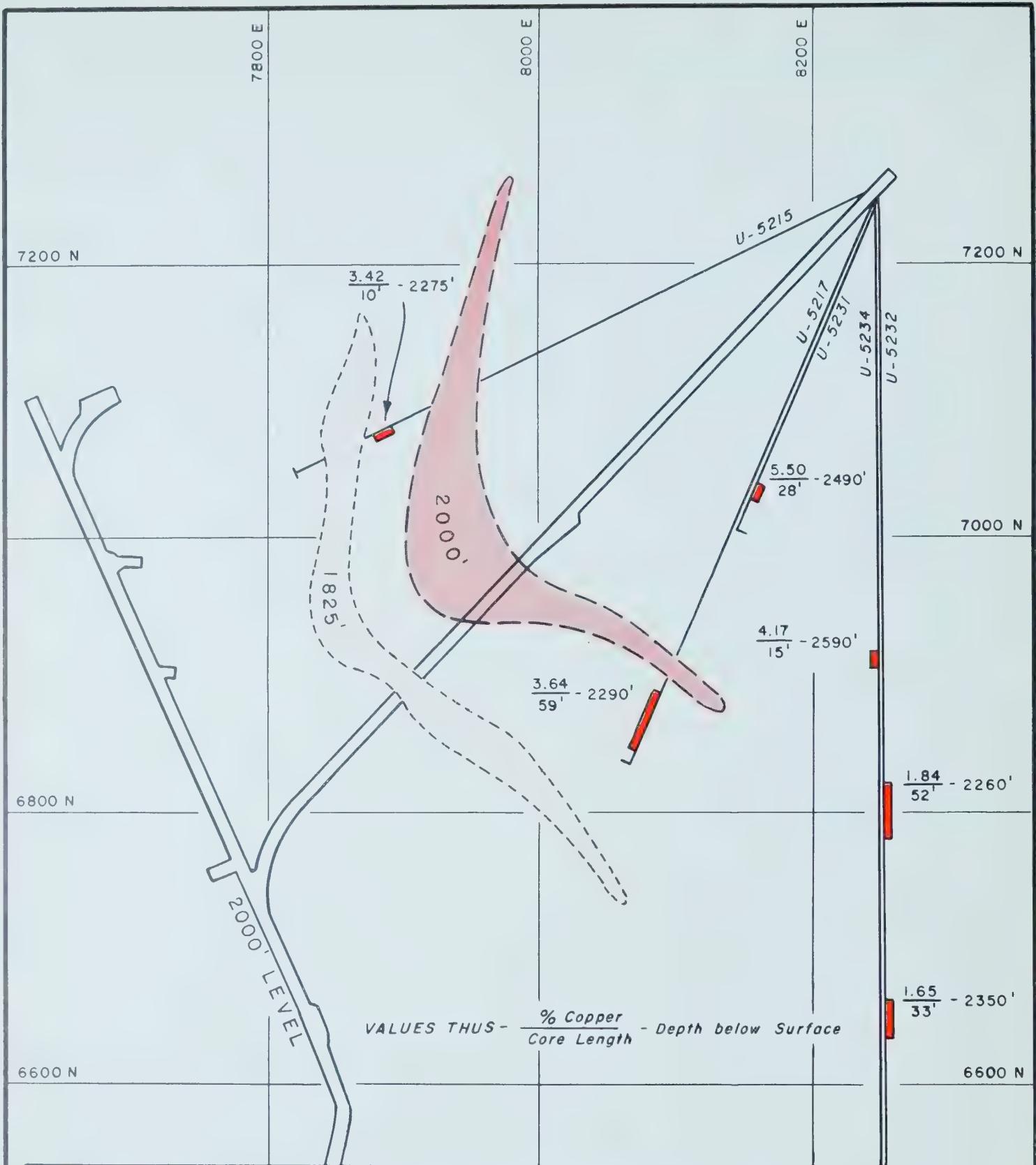




OPEMISKA COPPER MINES (QUE) LTD.

LONGITUDINAL PROJECTION  
No. 3 ZONE

0 200 400 600 800  
SCALE IN FEET



OPEMISKA COPPER MINES (QUE.) LTD.

— PERRY MINE - 'D' ZONE —  
DRILLING BELOW THE 2000' LEVEL

100 0 100 200 300  
FEET

Mar. '65

*Statement of Earnings and Earned Surplus*

For the year ended December 31, 1964

| EARNINGS   |                     |                     |
|--|---------------------|---------------------|
|  | 1964                | 1963                |
| Tons of ore milled                                     | <u>748,990</u>      | <u>737,543</u>      |
| <b>REVENUE FROM METAL SHIPMENTS:</b>                   |                     |                     |
| Copper   | \$13,142,157        | \$12,926,122        |
| Gold   | 642,642             | 653,766             |
| Silver   | 392,437             | 389,713             |
|  | <u>14,177,236</u>   | <u>13,969,601</u>   |
| Deduct treatment and refining charges                  | 3,191,706           | 3,291,700           |
| Net revenue from metal shipments                       | <u>10,985,530</u>   | <u>10,677,901</u>   |
| <b>OPERATING AND ADMINISTRATIVE COSTS:</b>             |                     |                     |
| Development, mining, milling and general mine expenses | 4,936,730           | 4,818,457           |
| Administrative and general expense                     | 185,925             | 164,032             |
|  | <u>5,122,655</u>    | <u>4,982,489</u>    |
| Operating profit before the undernoted items           | 5,862,875           | 5,695,412           |
| Preproduction and development expenditures written off | 236,261             | 283,533             |
| Allowance for depreciation                             | 742,561             | 1,044,958           |
| Outside exploration expenditures                       | 16,957              | 21,273              |
|  | <u>995,779</u>      | <u>1,349,764</u>    |
| Operating profit                                       | 4,867,096           | 4,345,648           |
| Income from investments                                | 216,439             | 167,145             |
| Profit before income taxes                             | 5,083,535           | 4,512,793           |
| Income taxes (note)                                    | 2,059,000           | 1,581,000           |
| Profit for the year                                    | <u>\$ 3,024,535</u> | <u>\$ 2,931,793</u> |

**NOTE TO FINANCIAL STATEMENTS DECEMBER 31, 1964**

As a result of claiming for tax purposes amounts for depreciation and development and preproduction expenditures that differ from the amounts written in the company's accounts, the income taxes have been increased by approximately \$35,000 in 1964 and reduced by \$80,000 in 1963. The accumulated reductions to date in this respect amount to approximately \$1,145,000 and are applicable to those future years when the amounts claimable for tax purposes for depreciation and development and preproduction expenditures will be less than the amounts written in the company's accounts.

**EARNED SURPLUS**

|                                |                     |                     |
|--------------------------------|---------------------|---------------------|
| Balance, beginning of the year | \$12,212,312        | \$11,762,269        |
| Profit for the year            | 3,024,535           | 2,931,793           |
|                                | <u>15,236,847</u>   | <u>14,694,062</u>   |
| Deduct dividends paid          | 3,033,250           | 2,481,750           |
| Balance, end of the year       | <u>\$12,203,597</u> | <u>\$12,212,312</u> |

## Balance Sheet—

## ASSETS

## CURRENT:

|  | 1964             | 1963             |
|--|------------------|------------------|
| Cash   | \$ 378,441       | \$ 396,121       |
| Short term investments at cost (approximate market value)  | 4,957,020        | 4,154,025        |
| Accounts receivable  | 93,547           | 66,900           |
| Metal settlements receivable at estimated realizable value | 4,304,778        | 3,848,283        |
| Total current assets                                       | <u>9,733,786</u> | <u>8,465,329</u> |

## FIXED:

|  |                  |                  |
|--|------------------|------------------|
| Buildings, machinery and equipment at cost | 9,835,763        | 9,745,992        |
| Less accumulated depreciation              | <u>8,195,889</u> | <u>7,478,062</u> |
|  | 1,639,874        | 2,267,930        |
| Mining properties at cost                  | <u>2,980,246</u> | <u>2,980,246</u> |
|  | <u>4,620,120</u> | <u>5,248,176</u> |

## OTHER:

|  |                            |                            |
|--|----------------------------|----------------------------|
| Unamortized preproduction and development expenditures | 3,945,129                  | 3,991,551                  |
| Supplies at cost and other prepaid expenses            | 571,712                    | 628,567                    |
| Deposits, long-term receivables and other assets       | <u>305,908</u>             | <u>361,139</u>             |
|  | <u>4,822,749</u>           | <u>4,981,257</u>           |
|  | <u><u>\$19,176,655</u></u> | <u><u>\$18,694,762</u></u> |

See note to

## AUDITORS

To the Shareholders of  
Opemiska Copper Mines (Quebec) Limited (No Personal Liability):

We have examined the balance sheet of Opemiska Copper Mines (Quebec) Limited (No Personal Liability) as at December 31, 1964 and the statements of earnings and earned surplus for the year then ended and have obtained all the information and explanations we have required. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

Toronto, Canada,  
March 1, 1965.

EX (QUEBEC) LTD

December 31, 1964

## LIABILITIES

## CURRENT:

|                                      | 1964             | 1963             |
|--------------------------------------|------------------|------------------|
| Accounts payable and accrued charges | \$ 485,669       | \$ 265,440       |
| Income and other taxes payable       | 1,273,763        | 1,003,384        |
| Total current liabilities            | <u>1,759,432</u> | <u>1,268,824</u> |

## SHAREHOLDERS' EQUITY:

## Capital —

|   |                   |                   |
|---|-------------------|-------------------|
| Authorized: 6,000,000 shares of \$1 par value |                   |                   |
| Issued: 5,515,000 shares                      | 5,515,000         | 5,515,000         |
| Less discount on shares issued for cash       | 301,374           | 301,374           |
|   | <u>5,213,626</u>  | <u>5,213,626</u>  |
| Earned surplus (statement 2)                  | 12,203,597        | 12,212,312        |
|   | <u>17,417,223</u> | <u>17,425,938</u> |

On behalf of the Board:

H. A. OAKS, Director.

J. P. MILLENBACH, Director.

|              |              |
|--------------|--------------|
| \$19,176,655 | \$18,694,762 |
|--------------|--------------|

nancial statements.

## REPORT

In our opinion, and according to the best of our information and the explanations given to us and as shown by the books of the company, the accompanying balance sheet and statements of earnings and earned surplus are properly drawn up so as to exhibit a true and correct view of the state of the affairs of the company as at December 31, 1964 and the results of its operations for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Our examination also included the accompanying statement of source and disposition of funds which, in our opinion, when considered in relation to the aforementioned financial statements presents fairly the sources and dispositions of funds of the company for the year ended December 31, 1964.

CLARKSON, GORDON & CO.,  
Chartered Accountants.

*Statement of Source and Disposition of Funds  
For the Year ended December 31, 1964*

FUNDS PROVIDED:

|   |         |                    |
|---|---------|--------------------|
| From operations   |         | \$4,115,443        |
| Consisting of —   |         |                    |
| Profit for the year   |         | \$3,024,535        |
| Charges against operations which in themselves did not require a cash outlay during the year: |         |                    |
| Preproduction and development expenditures written off  | 236,261 |                    |
| Allowance for depreciation  | 742,561 |                    |
| Decrease in non-current assets (net)  | 112,086 |                    |
|   |         | <u>\$4,115,443</u> |

DISPOSITION OF FUNDS:

|  |           |                   |
|--|-----------|-------------------|
| Dividends  | 3,033,250 |                   |
| Additions to fixed assets (net)  | 114,505   |                   |
| Preproduction and development expenditures   | 189,839   | 3,337,594         |
|  |           | <u>3,337,594</u>  |
| Increase in funds during the year represented by the following improvement in working capital: |           |                   |
| Working capital at December 31, 1964   | 7,974,354 |                   |
| Working capital at December 31, 1963   | 7,196,505 | \$ 777,849        |
|  |           | <u>\$ 777,849</u> |

*Statement of Production and Earnings*

| Year  | Tons Milled | Pounds Copper Produced | Average Price Per Pound of Copper | Net Revenue  | Operating Costs | Amortization and Depreciation | Income Taxes | Net Profit (Loss) | Dividends Paid |
|-------|-------------|------------------------|-----------------------------------|--------------|-----------------|-------------------------------|--------------|-------------------|----------------|
| 1954  | 134,879     | 14,047,210             | 29.68¢                            | \$ 3,060,037 | \$ 1,546,015    | \$ 647,683                    | \$ 55,000    | \$ 811,339        | \$ —           |
| 1955  | 162,098     | 15,318,454             | 42.43¢                            | 5,215,517    | 1,840,660       | 799,208                       | 140,000      | 2,382,861         | —              |
| 1956  | 236,392     | 18,530,480             | 38.30¢                            | 5,487,762    | 1,952,678       | 792,416                       | 150,000      | 2,575,275         | —              |
| 1957  | 240,422     | 17,110,530             | 27.50¢                            | 2,920,811    | 2,011,707       | 1,145,007                     | —            | (132,149)         | —              |
| 1958  | 352,984     | 25,942,823             | 25.14¢                            | 4,920,453    | 2,788,376       | 1,647,192                     | 22,000       | 466,581           | —              |
| 1959  | 443,444     | 28,544,531             | 27.92¢                            | 6,717,086    | 3,305,487       | 1,968,139                     | 75,000       | 1,368,131         | —              |
| 1960  | 751,453     | 41,137,094             | 29.60¢                            | 9,547,751    | 4,383,345       | 2,030,725                     | 425,000      | 2,708,236         | 551,500        |
| 1961  | 599,015     | 32,638,030             | 28.41¢                            | 7,809,832    | 3,609,271       | 1,385,882                     | 847,000      | 2,029,798         | 827,250        |
| 1962  | 544,518     | 30,761,792             | 30.93¢                            | 7,867,705    | 3,472,103       | 1,020,713                     | 1,109,000    | 2,434,580         | 1,654,500      |
| 1963  | 737,543     | 41,690,690             | 30.93¢                            | 10,677,901   | 4,982,489       | 1,328,491                     | 1,581,000    | 2,931,793         | 2,481,750      |
| 1964  | 748,990     | 40,709,632             | 32.15¢                            | 10,985,530   | 5,122,655       | 978,822                       | 2,059,000    | 3,024,535         | 3,033,250      |
| Total | 4,951,738   | 306,431,266            |                                   | \$75,210,385 | \$35,014,786    | \$13,744,278                  | \$6,463,000  | \$20,600,980      | \$8,548,250    |

## *Mine Operating Personnel*

|  |                     |
|--|---------------------|
| Manager                                    | F. G. COOKE         |
| Assistant Manager                          | C. V. AMYOTTE       |
| Office Manager                             | E. J. KUIACK        |
| Chief Accountant                           | A. A. GELOT         |
| Purchasing Agent                           | G. A. BUNCLARK      |
| Director, Employee and Community Relations | G. P. MORIN         |
| Safety Supervisor                          | G. A. LACASSE       |
| Security Officer                           | J. A. BELANGER      |
| Production Engineer                        | B. A. FERGUSON      |
| Mine Planning Supervisor                   | W. LEBEDICK         |
| Chief Geologist                            | L. A. WRIGGLESWORTH |
| Mine Geologist                             | A. G. GAGNON        |
| Underground Superintendent                 | J. E. BROOK         |
| General Mine Foreman                       | J. D. GALLAGHER     |
| Mine Captain                               | J. A. BINNIE        |
| Mine Captain                               | G. A. HOLTMAN       |
| Mine Captain                               | P. E. LAPOINTE      |
| Mine Captain                               | H. A. WILL          |
| Mill Superintendent                        | J. R. MAXWELL       |
| Metallurgist                               | G. J. DELISLE       |
| Mechanical and Surface Superintendent      | C. A. BAKER         |
| Master Mechanic                            | J. A. BRETON        |
| Surface Foreman                            | B. W. HUDON         |
| Electrical Superintendent                  | D. J. KINGSTON      |
| Chief Assayer                              | G. E. HORNSBY       |





